Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite. 4T20
Atlanta, Georgia 30303-8909

August 22, 2003

Mr. Bob Sharpe
Acting Deputy Director for Medicaid
Agency for Health Care Administration
2727 Mahan Drive - Mail Stop #18
Tallahassee, Florida 32308

RE: Renewal of Non-Emergency Transportation (NET) Waiver

Dear Mr. Sharpe:

We are in receipt of your request to renew your existing 1915(b)(4) Non-emergency Transportation (NET) waiver received on June 16, 2003. Based on our review of the waiver renewal as submitted, as well as your response to our informal request for information, we require additional information in order to make a determination regarding your request. Please respond to the issues identified below.

Reimbursement Questions Applicable to all Section 4.19B Noninstitutional Services

In light of concerns raised by Congress over state funding of the Medicaid program, we ask that you provide the following information for each of the non-institutional services reimbursed pursuant to a methodology described in Attachment 4.19B of the State Plan.

1. Section 1903(a)(1) provides that Federal matching funds are only available for expenditures made by states for services under the approved State Plan. To ensure that program dollars are used only to pay for Medicaid services, we are asking states to confirm to CMS that the Contracted Entity retains 100 percent of the payments. Does the Contracted Entity retain all of the Medicaid payments and does not participate in such activities as intergovernmental transfers or certified public expenditure payments, including the Federal and State share, or is any portion of any payment returned to the State, local governmental entity, or any other intermediary organization? If the Contracted Entity is required to return any portion of any payment, please provide a full description of the repayment process. Include in your response a full description of the methodology for the return of any of the payments, a complete listing of the amount or percentage of payments that are returned and the disposition and use of the funds once they are returned to the State (ie, general fund, medical services account, etc.)

2. Section 1902(a)(2) provides that the lack of adequate funds from local sources will not result in the lowering the amount, duration, scope, or quality of care and services available under the plan. Please describe how the state share of the Medicaid payment for the Contracted Entity is funded. Please describe whether the state share is from appropriations from the legislature, through intergovernmental transfer agreements (IGTs), certified public expenditures (CPEs), provider taxes, or any other mechanism used by the state to provide state share. Please provide an estimate of total expenditures and State share amounts for the Medicaid payment. If any of the state share is being provided through the use local funds using IGTs or CPEs, please fully describe the matching arrangement. If CPEs are used, please describe how the state verifies that the expenditures being certified are eligible for Federal matching funds in accordance with 42 CFR 433.51(b).

3. Section 1902(a)(30) requires that payments for services be consistent with efficiency, economy, and quality of care. Section 1903(a)(1) provides for Federal financial participation to States for expenditures for services under an approved State plan. If supplemental or enhanced payments are made, please provide the total amount for each type of supplemental or enhanced payment made to the Contracted Entity.

4. Do any capitation payments to the Contracted Entity exceed the amount certified as actuarially sound as required under 42 CFR 438.6(c)? If so, does the State recoup the excess and return the Federal share of the excess to CMS on the quarterly expenditure report?

Follow Up Question Regarding Renewal Cost Effectiveness

5. (D.1. and D.3.) Are MM and FFS costs for base year SFY 2003 (July 1 2002 through June 30 2003) or SFY 2002? The revised preprint Pg. 71, (1) would indicate that SFY 2002 was used. However, the revised D.1. spreadsheet shows Base Year (cell C6-8) as "Base Year (BY) SFY 2003." Please reconcile this apparent discrepancy.

6. Your second submission does not contain a revision to Pg. 66, E. a (estimated member months.) Since it would appear that SFY 2002 was used (rather than SFY 2003 as indicated on your revised D.1. spreadsheet), please confirm that Base Year Member Months is based on SFY 2002

7. (D.5) The State Plan inflation adjustment (column J) was revised to 5% for both MEGs for both P1 and P2; however, the revised Pg. 81 (a.1) shows:

P1 MEG 1- 5.4%	P2 MEG 1- 2%
P1 MEG 2- 19.7%	P2 MEG 2- 13.8%

Please reconcile these apparent discrepancies.

8. Please revise the spreadsheets to remove MEGs 3 & 4 (D.6) ; please assure that cells in all spreadsheets are filled appropriately and that formulae are functioning as they should.

Pursuant to the provisions of Section 1915(f)(2) of the Social Security Act, a waiver shall be deemed granted unless, within 90-days after the date of its submission, the request is dentied or the State is informed in writing of any additional information which is needed in order to make a final determination. CMS would like to resolve all outstanding issues prior to September 4, 2003 as that is when the current temporary extension expires.

Thank you for your prompt attention to these issues. If you have any questions regarding this matter, please contact Roberta Kelley at (404) 562-7461 or Chery Brimage at (404) 562-7116.

Sincerely,

/s/
Rhonda R. Cottrell
Associate Regional Administrator
Division of Medicaid and State Operations

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cc: Mike Fiore, CO CMS
Claudia Lamm, CO CMS
Hugh Webster, RO CMS
John Austin, FL Medicaid